

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 CAB-02 CIAE-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 AID-05 CEA-01 FRB-03

CIEP-01 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01

OMB-01 /052 W

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R 051520Z MAR 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6957

INFO AMCONSUL FRANKFURT

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E.O. 11652: N/A

TAGS: EAIR, GW

SUBJECT: LUFTHANSA CHAIRMAN ON AIRBUS AND CONCORDE

REF: STATE 48491 (NOTAL)

BEGIN UNCLASSIFIED:

1. IN A TALK TO THE AMERICAN CHAMBER OF COMMERCE IN FRANKFURT ON FEBRUARY 25, DR. HERBERT E. CULMANN, THE CHAIRMAN OF LUFTHANSA, EMPHASIZED THE INDEPENDENCE FROM GOVERNMENT CONTROL AND COMMERCIAL ORIENTATION OF LUFTHANSA. HE ASSERTED THAT DESPITE BEING 80 PERCENT GOVERNMENT OWNED, LUFTHANSA IS A BUSINESS ENTERPRISE AND SEEKS TO EARN A PROFIT, AND IN SOME RESPECTS IS MORE INDEPENDENT THAN AMERICAN PRIVATELY OWNED AIRLINES THAT ARE CLOSELY REGULATED BY THE CAB. AS AN EXAMPLE, HE NOTED THAT POLITICAL CONSIDERATIONS WOULD HAVE MADE IT EXPEDIENT FOR LUFTHANSA TO ORDER MORE AIRBUSES THAN IT HAD AND TO HAVE DONE SO EARLIER. IN FACT, LUFTHANSA PURCHASED THE AIRBUSES IT DID BECAUSE THEY ARE THE BEST AIRCRAFT CURRENTLY AVAILABLE FOR THE PURPOSE TO WHICH THEY ARE TO BE PUT. (LUFTHANSA HAS PURCHASED THREE

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AIRBUSES AND HAS OPTIONS ON NINE MORE.)

2. IN REGARD TO THE CONCORDE, WHICH HE HAD BEEN QUOTED IN THE PRESS AS SAYING HE WOULD NOT WANT AS A GIFT, CULMANN SAID THAT IT WAS IMPOSSIBLE TO OPERATE CONCORDES WITHOUT GOVERNMENT SUBSIDIES. HE SAID HE HAD BEEN TOLD BY BRITISH AIRWAYS AND AIR FRANCE THAT JUST THE OPERATIONAL LOSS FOR AN AIRLINE WOULD BE DM 25 MILLION PER YEAR PER AIRCRAFT. THIS IS IN ADDITION TO THE PURCHASE PRICE.

3. CULMANN SAID A BASIC CAUSE OF THE FINANCIAL TROUBLES THAT MOST AIRLINES ARE HAVING TODAY IS THAT THEY OVER-BOUGHT EXPENSIVE NEW EQUIPMENT FOR PRESTIGE PURPOSES AND BECAUSE THEY THOUGHT THE GROWTH IN TRAFFIC OF THE 50'S AND 60'S WOULD CONTINUE. LUFTHANSA, HE DECLARED, WILL ALWAYS CHOOSE PROFIT OVER PRESTIGE. END UNCLASSIFIED.

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4. COMMENT: LUFTHANSA IN THE PAST HAS PROJECTED THE IMAGE DEPICTED BY CULMANN OF A PROFIT-ORIENTED OPERATION. IT WAS WIDELY BELIEVED, HOWEVER, THAT LUFTHANSA HAD NOT WANTED TO BUY THE AIRBUS, AND, WHEN UNABLE TO RESIST ENTIRELY THE PRESSURE TO DO SO, BOUGHT AS FEW AS POSSIBLE. IT WAS ORIGINALLY ANNOUNCED THAT MORE THAN THREE AIRBUSES WOULD BE PURCHASED. WHETHER OR NOT LUFTHANSA EXERCISES ITS OPTIONS ON FURTHER PURCHASES MIGHT BE SOME INDICATION OF JUST HOW INDEPENDENT IT IS. THE INCREASING DESIRE ON THE PART OF EUROPEAN GOVERNMENTS TO COORDINATE MORE CLOSELY CIVIL AIRCRAFT PRODUCTION AND DEMAND MIGHT WELL MEAN THAT IN THE FUTURE LUFTHANSA'S PROCUREMENT DECISIONS COULD BE SUBJECT TO GREATER GOVERNMENT INFLUENCE THAN HAS APPARENTLY BEEN THE CASE IN THE PAST. HILLENBRAND

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**To:** STATE  
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